

IN RE: Annual Review of Purchased Gas) ORDER ON PGA AND
Adjustment and Gas Purchasing Policies of) ADOPTING
South Carolina Electric & Gas Company) STIPULATION

As the natural gas utility under review, SCE&G was automatically made a party to the proceeding. By letter dated June 12, 2018, the Commission's Clerk's Office instructed the Company to (i) publish the Notice of Hearing in newspapers of general circulation in the affected areas by August 29, 2018, advising all interested parties of the manner and time in which to file pleadings to obtain the right to participate in this proceeding and (ii) provide proofs of publication by September 19, 2018. The Commission's Clerk's Office further instructed SCE&G to provide notification of the PGA review to each affected customer via bill inserts or by electronic mail to those customers who have agreed to

receive notices by electronic mail on or before August 29, 2018, and to provide certification on or before September 19, 2018. The Company timely filed affidavits and proofs of publication to confirm its compliance with the instructions of the Commission's Clerk's Office on August 14, 2018.

The South Carolina Office of Regulatory Staff ("ORS") is a party in this matter pursuant to S.C. Code Ann. § 58-4-10. No other parties sought to intervene in this proceeding.

On September 21, 2018, SCE&G pre-filed the direct testimony of witness Felicia D. Howard and the direct testimony and exhibits of witnesses Rose M. Jackson and Rachel R. Elliott. On October 12, 2018, ORS pre-filed the direct testimony and exhibits of witness Zachary J. Payne and the direct testimony of witness Anthony Sandonato.

On October 22, 2018, ORS and SCE&G (the "Parties") filed a comprehensive Stipulation addressing all matters in this Docket.

At the hearing on November 8, 2018, Commission Chairman Comer H. Randall presided. K. Chad Burgess, Esquire, and Matthew W. Gissendanner, Esquire, represented the Company. Jenny R. Pittman, Esquire, represented ORS.

At the opening of the hearing, Ms. Pittman moved the Stipulation into the evidence of record. The Stipulation is identified, and incorporated herein by reference, as Order Exhibit No. 1.

In support of its PGA and Gas Purchasing Policies and the Stipulation, SCE&G presented the oral testimony of Rose M. Jackson. In support of the Stipulation, ORS presented the oral testimony of Anthony Sandonato. Additionally, all of the testimony and

exhibits pre-filed by the Parties were stipulated into the record. Consistent with the terms of the Stipulation, the witnesses who pre-filed direct testimony in this proceeding and orally presented such testimony before the Commission were subject to questioning by the Commissioners, and not by any party.

The Commission has considered the testimony and the exhibits of the witnesses and the other evidence of record in this proceeding including the Stipulation. Based on the evidence of record, the Commission concludes, as the Parties have stipulated, that adoption of the Stipulation is in the best interest of SCE&G's customers, the State of South Carolina, and the financial integrity of the Company.

In making this finding, the Commission specifically finds that during the Review Period, SCE&G (a) properly administered the purchased gas adjustment and correctly adjusted the gas cost recovery factors for each customer class in accordance with the terms of Order No. 2006-679 as modified by Order No. 2009-910; (b) employed prudent gas purchasing practices and policies; (c) recovered its gas costs consistent with applicable tariffs and Commission orders and administered the PGA in a prudent and reasonable manner; and (d) was prepared during the Review Period and is currently prepared to meet its firm customers' projected needs via its future supply and capacity asset plans.

The Commission further finds that the monthly adjustment procedure and notification procedure for total cost of gas factors as adopted in Commission Docket No. 2006-5-G, Order No. 2006-679, as modified in Docket No. 2009-5-G, Order No. 2009-910, should be maintained. The Parties have agreed, and we find it appropriate, that the demand charges included in the total cost of gas factors will continue to be calculated as

set forth in Commission Docket No. 2006-5-G, Order No. 2006-679, by distributing such costs among the rate schedules based upon a 50-50 allocation of peak design day demand and annual forecast sales. We further find the allocation factors of Residential 65.47%, Small General Service/Medium General Service 28.92%, and Large General Service 5.61%, as set forth on page 4 of Ms. Elliott's pre-filed direct testimony, to be appropriate for use in the cost of gas calculations beginning with the first billing cycle of January 2019

We accept the use of the cost of gas calculations for the period August 1, 2017, through July 31, 2018, as set forth in Stipulation Exhibit No. 1, which is attached hereto as a part of Order Exhibit No. 1.

The Commission further approves the authority of SCE&G to continue to charge and recover carrying costs, if applicable, on the cumulative total (over)/under-collection balances using the same method and with the same limitations as set forth by the Commission in Docket No. 2006-5-G, Order No. 2006-679, for the same reasons set forth in that Order. Pursuant to that Order and in the event of an over-collection balance, carrying costs shall be credited to customers.

Based on the testimony and exhibits and the Stipulation entered into the record of this proceeding, the Commission finds that the Company's gas purchasing policies and practices during the Review Period were reasonable and prudent. The Commission further finds that all matters contained in the Stipulation are appropriate for adoption in this proceeding and therefore finds that the Stipulation is in the public interest and is a reasonable resolution of all issues in this case.

NOW THEREFORE, based upon the foregoing, IT IS HEREBY DECLARED AND ORDERED THAT:

1. The Stipulation, which was agreed to by the Parties and accepted into the record without objection, is incorporated into and made a part of this Order as Order Exhibit No. 1. Further, the Stipulation constitutes a reasonable resolution to this proceeding and is hereby adopted as such.

2. During the Review Period, SCE&G properly administered the purchased gas adjustment. SCE&G also correctly adjusted the gas cost recovery factors for each customer class in accordance with the terms of Order Nos. 2006-679 and 2009-910, which factors are hereby approved.

3. SCE&G's gas purchasing policies and practices during the Review Period were within the guidelines established in prior Commission orders and were reasonable and prudent.

4. The appropriate cost of gas calculations for the Review Period are set forth in Order Exhibit No. 1.

5. The demand charges included in the total cost of gas factors should continue to be calculated as set forth in Commission Docket No. 2006-5-G, Order No. 2006-679, by distributing such costs among the rate schedules based upon a 50-50 allocation of peak design day demand and annual forecast sales.

6. The monthly adjustment procedure and notification procedure for the total cost of gas factors as adopted in Order No. 2006-679, as amended by Order 2009-910, shall be maintained.

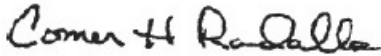
7. The allocation factors contained on page 4 of Ms. Elliott's direct testimony are appropriate and should be used for cost of gas calculations beginning with the first billing cycle of January 2019.

8. SCE&G shall continue to charge and recover carrying costs, if applicable, on the cumulative total (over)/under collection balances in the same method and with the same limitations as set forth by the Commission in Docket No. 2006-5-G, Order No. 2006-679. In the event of an over-collection balance, carrying costs shall be credited to customers.

9. The actual balance in the Company's unbilled gas cost adjustment account shall continue to be applied to the PGA (over)/under collection calculation, and the Company shall consider this unbilled gas cost adjustment account in all future PGA calculations. Future monthly adjustments shall continue to be applied to the demand component of the cost of gas factor.

10. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:


Comer H. "Randy" Randall, Chairman

ATTEST:


Jocelyn Boyd, Chief Clerk/Administrator

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-5-G
October 22, 2018

IN RE:

Annual Review of Purchased Gas Adjustment)	
and Gas Purchasing Policies of South Carolina)	
Electric & Gas Company)	
_____)	

STIPULATION

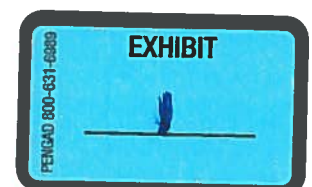
This Stipulation is made by and between the South Carolina Office of Regulatory Staff (“ORS”) and South Carolina Electric & Gas Company (“SCE&G” or “Company”) (collectively referred to as the “Parties” or sometimes individually as “Party”);

WHEREAS, on June 12, 2018, the Public Service Commission of South Carolina (“Commission”) issued a Notice of Hearing and Pre-file Testimony Deadlines for the 2018 Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies (“PGA”) of SCE&G;

WHEREAS, the purpose of this proceeding is to review matters related to SCE&G’s gas purchasing practices and policies, administration of its purchased gas adjustment, and the recovery of its gas costs;

WHEREAS, the period under review in this docket is August 1, 2017, through July 31, 2018 (“Review Period”);

WHEREAS, ORS examined the books and records of SCE&G and conducted inquiries and analyses related to the Company’s gas purchasing practices and policies, administration of its purchased gas adjustment, and the recovery of its gas costs for the Review Period;



WHEREAS, ORS determined that during the Review Period, SCE&G: a) properly administered the purchased gas adjustment and correctly adjusted the gas cost recovery factors for each customer class in accordance with the terms of Commission Order No. 2006-679 as modified by Commission Order No. 2009-910; b) employed prudent gas purchasing practices and policies; c) recovered its gas costs consistent with applicable tariffs and Commission orders; and d) was prepared during the Review Period and is currently prepared to meet its firm customers' projected needs via its future supply and capacity asset plans;

WHEREFORE, the Parties have engaged in discussions and in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

1. The Parties agree to stipulate into the record before the Commission this Stipulation. The Parties further agree to stipulate into the record without cross-examination the pre-filed direct testimony and exhibits of Rose M. Jackson, Rachel R. Elliott, and Zachary J. Payne and the pre-filed direct testimony of Felicia D. Howard and Anthony M. Sandonato. Furthermore, each witness will take the stand to present his or her testimony and, if necessary, make non-material changes to their testimony comparable to those that would be presented via an errata sheet or through a witness noting a correction. With respect to this Stipulation, Company Witness Jackson is the witness designated to be primarily responsible for providing support for the Stipulation at the hearing scheduled in this case.

2. For the purpose of setting the gas cost recovery factors, the Parties accept the use of the cost of gas calculations for the Review Period, set forth in Stipulation Exhibit No. 1 attached hereto (Exhibit No. ____ (RRE-1)).

3. The Parties agree to maintain the monthly adjustment procedure and notification procedure for the total cost of gas factors as adopted in Commission Order No. 2006-679 as modified by Commission Order No. 2009-910.

4. The Parties acknowledge the demand charges included in the total cost of gas factors will continue to be calculated as set forth in Commission Order No. 2006-679 in Docket No. 2006-5-G by distributing such costs among the rate schedules based upon a 50-50 allocation of peak design day demand and annual forecast sales. The Parties agree that the allocation factors contained on page 4 in Company Witness Elliott's pre-filed direct testimony (Residential 65.47%; Small General Service/Medium General Service 28.92%; and Large General Service 5.61%) are appropriate and should be used for the demand cost of gas calculations beginning with the first billing cycle of January 2019.

5. As part of this Stipulation, the Parties agree that SCE&G shall continue to charge and recover carrying costs, if applicable, on the cumulative total (over)/under-collection balances in the same method and with the same limitations as set forth in Commission Order No. 2006-679 in Docket No. 2006-5-G.

6. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10(B) (2015). S.C. Code Ann. § 58-4-10(B) reads in part as follows:

... 'public interest' means:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer; and
- (2) preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes this Stipulation reached among the Parties serves the public interest as defined above.

7. The Parties agree to advocate that the Commission accept and approve this Stipulation in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Stipulation and the terms and conditions contained herein.

8. The Parties agree that signing this Stipulation will not constrain, inhibit, impair, or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Stipulation in its entirety, then any Party desiring to do so may withdraw from the Stipulation without penalty or obligation.

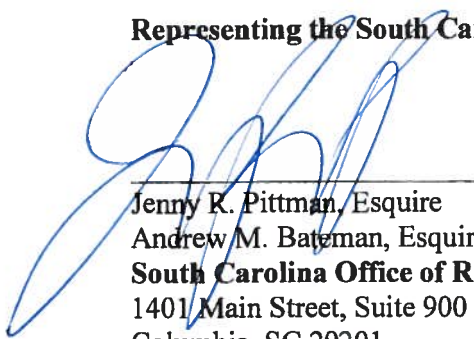
9. This Stipulation shall be interpreted according to South Carolina law.

10. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Stipulation by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation. The Parties agree that in the event any Party should fail to indicate its consent to this Stipulation and the terms contained herein, then this Stipulation shall be null and void and will not be binding on any Party.

[SIGNATURES ON THE FOLLOWING PAGES]

WE AGREE:

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WE AGREE:

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STIPULATION EXHIBIT NO. 1

Exhibit No.____(RRE-1)

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
PURCHASED GAS ADJUSTMENT
(OVER)/UNDER COLLECTION**

	<u>ACTUAL COMM. COST PER THERM (COL. 1)</u>	<u>BILLING COMM. COST PER THERM (COL. 2)</u>	<u>DIFFERENCE (COL. 3) (1-2)</u>	<u>FIRM SALES THERMS (COL. 4)</u>	<u>COMMODITY (OVER)UNDER COLLECTION (COL. 5) (3x4)</u>	<u>DEMAND (OVER)UNDER COLLECTION (COL. 6)</u>	<u>TOTAL (OVER)UNDER COLLECTION (COL. 7) (5+6)</u>	<u>CUMULATIVE (OVER)UNDER COLLECTION (COL. 8)</u>
							BEGINNING BALANCE	\$16,162,786
AUG 17	\$0.27287	\$0.38885	(\$0.11598)	8,599,372	(\$989,985)	\$2,233,517	\$1,243,532	\$17,396,319
SEP 17	\$0.28551	\$0.38885	(\$0.10334)	8,462,445	(\$888,027)	\$2,426,945	\$1,538,917	\$18,935,236
OCT 17	\$0.40168	\$0.31768	\$0.08400	9,075,582	\$744,058	(\$265,872)	\$478,186	\$19,413,422
NOV 17	\$0.46477	\$0.31768	\$0.14709	16,205,260	\$2,389,515	(\$4,859,626)	(\$2,490,111)	\$16,923,311
DEC 17	\$0.44066	\$0.31768	\$0.12298	31,049,533	\$3,818,557	(\$10,215,024)	(\$6,396,467)	\$10,526,843
JAN 18	\$0.37662	\$0.31768	\$0.05894	56,089,413	\$3,313,942	(\$12,068,895)	(\$8,754,954)	\$1,771,890
FEB 18	\$0.21863	\$0.33892	(\$0.12029)	37,839,224	(\$4,552,738)	\$4,196,408	(\$356,330)	\$1,415,560
MAR 18	\$0.38594	\$0.33892	\$0.04702	24,398,163	\$1,161,765	(\$4,254,623)	(\$3,092,857)	(\$1,677,298)
APR 18	\$0.19526	\$0.33892	(\$0.14366)	22,924,456	(\$3,272,402)	\$3,454,430	\$182,028	(\$1,495,270)
MAY 18	\$0.21557	\$0.33892	(\$0.12335)	12,512,456	(\$1,513,244)	\$3,480,308	\$1,967,063	\$471,793
JUN 18	\$0.26600	\$0.29678	(\$0.03078)	9,038,877	(\$255,809)	\$3,153,775	\$2,897,966	\$3,389,759
JUL 18	\$0.28670	\$0.29678	(\$0.01008)	8,460,907	(\$65,467)	\$3,108,853	\$3,043,386	\$6,413,145